Weekly Economic Review

Unemployment rate continues to fall

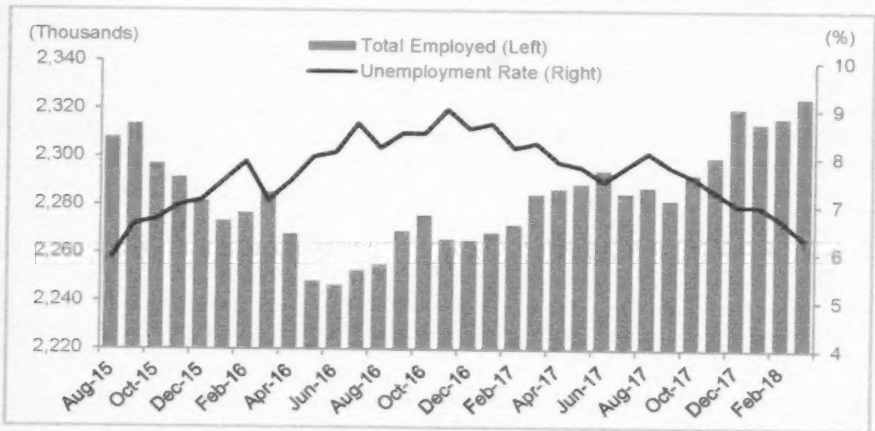
Employment

Strong monthly gain in self-employment lifts jobs

Alberta's economy added more jobs in March and the unemployent rate continued to decline. Employment increased by 8,300, with part-time and self-employment accounting for all of the increase. Meanwhile, full-time employment was unchanged. With the labour force participation rate holding steady, the employment gain caused a significant decline in the unemployment rate. It fell 0.4 percentage points to 6.3% (Chart 1), the lowest unemployment rate since August 2015. Employment in the goods sector saw the strongest monthly gain (+9,300) since June 2014, led by agriculture (+3,800) and construction (+2,800). Meanwhile, service sector employment fell modestly (-1,000) as losses in transportation and warehousing outstripped small gains in other service producing industries.

Chart 1: Unemployment rate drops after solid job gains

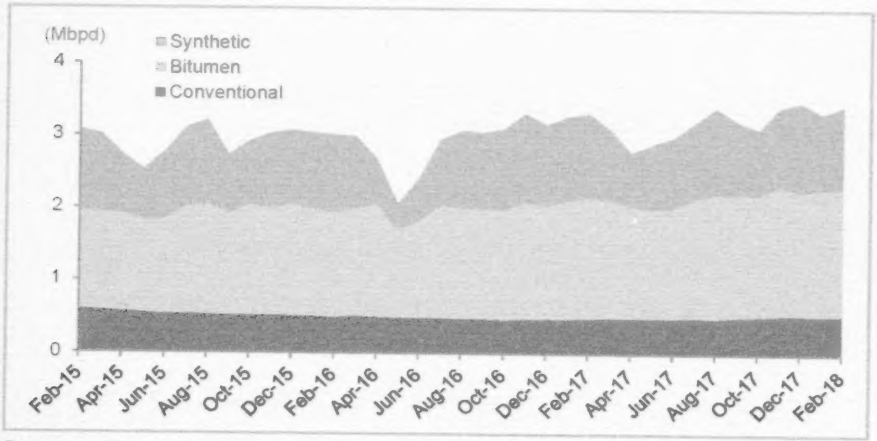
Seasonally adjusted number employmed and unemployment rate in Alberta



Source: Statistics Canada

Chart 2: Synthetic production is back online

Alberta's crude oil production by type



Source: Alberta Energy Regulator

Crude Oil Production

Output bounces back

After a pullback at the beginning of the year, crude oil production returned to near record high levels (Chart 2). Alberta crude oil production grew by 3.2% month-over-month (m/m) to 3.4 million barrels per day in February. Synthetic crude rebounded 8.1% m/m following an unplanned outage at one of Alberta's upgraders in January. Both bitumen and conventional oil production were also up around 1% m/m. Compared to the previous year, crude output increased 3.3% year-over-year (y/y).

Merchandise Trade

Exports give back recent gains

Exports pulled back in February following strong gains in the last four months. The value of Alberta's merchandise exports fell 22% m/m to $7.9 billion in February (Chart 3). The decline was largely driven by energy products (-26% m/m). Natural gas exports reversed course in February following a surge in January on the back of higher prices and US demand arising from colder than normal weather. The volume of oil exports also slipped after a spiking in January, reflecting a decline in production in Alberta and weaker US refinery demand as refineries started their spring maintenance. Excluding

energy, exports eased 11% m/m led by a decline in farm and food products (-35% m/m) which coincided with transportation issues in Western Canada. On a year-over-year basis, exports were also down 3.0% as lower energy and agri-food exports offset gains in chemical, machinery and equipment, and forestry products.

Rigs Drilling

Activity slows on spring break-up

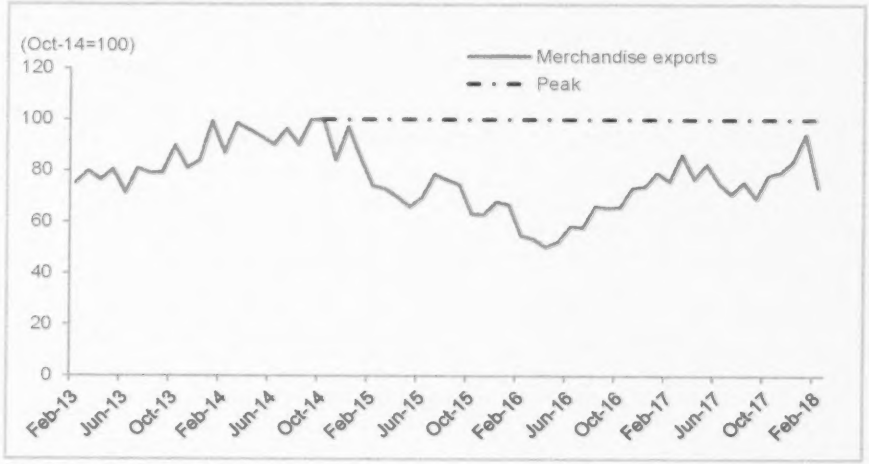
Rigs drilling in Alberta eased to a more subdued pace after reaching a three-year high in February. The number of rigs drilling slipped 33% m/m to average 142 in March, reflecting the impact of typically warmer conditions. Despite the seasonal slowdown, the monthly decline was within the 2010 to 2014 range for March (Chart 4). Rig counts were down 4.0% y/y while the utilization rate was unchanged from a year ago at 34%.

Consumer Insolvencies

Consumer insolvencies tick higher

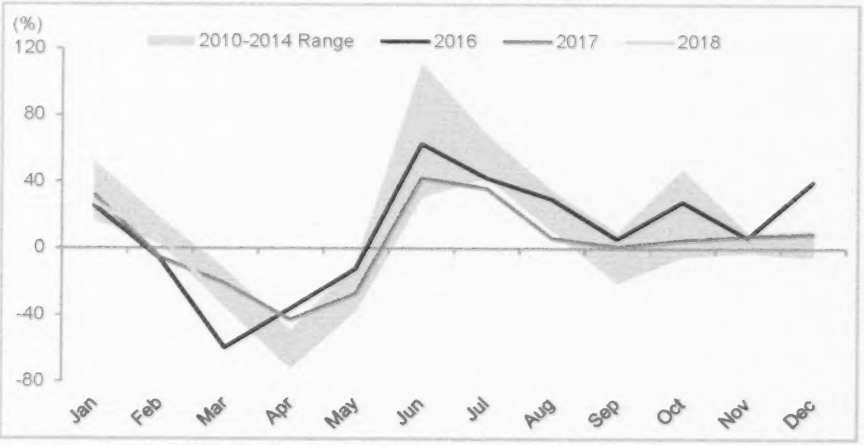
The number of consumer insolvencies increased in January after the usual December lull. A total of 1,081 consumer proposals and bankruptcies were submitted in January, 84 more than a year ago. The year-over-year increase was entirely in consumer proposals (+92 or 13.2% y/y) whereas bankruptcies fell (-8 or -2.0% y/y). Over the last twelve months, the year-over-year growth in consumer insolvencies has decelerated from double-digit increases seen during the recession, but the level remains elevated relative to the 2010 – 2014 pre-recession period.

Chart 3: Exports pull back from near-record highs
Alberta merchandise exports index to cyclical peak



Source: Statistics Canada

Chart 4: Seasonal slowdown in March drilling
Alberta rigs drilling month-over-month percent change



Source: Canadian Association of Oilwell Drilling Contractors

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.